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# **Green Policies for Post COVID-19 Economic Recovery**

**Mr. Paroche Hutachareon**  
**Expert on Bond Market Development**  
**Public Debt Management Office, Ministry of Finance, Thailand**

**Bouncing Back Policy Actions for COVID-19 Economic Recovery (PACER) Dialogues**

**July 8, 2021**



# Thailand is fully committed to the UN SDGs

The Kingdom of Thailand is committed to deal with climate change following the Paris Agreement and support the United Nations Sustainable Development Goals to combat with poverty, inequality, environmental degradation, health, and justice by 2030.

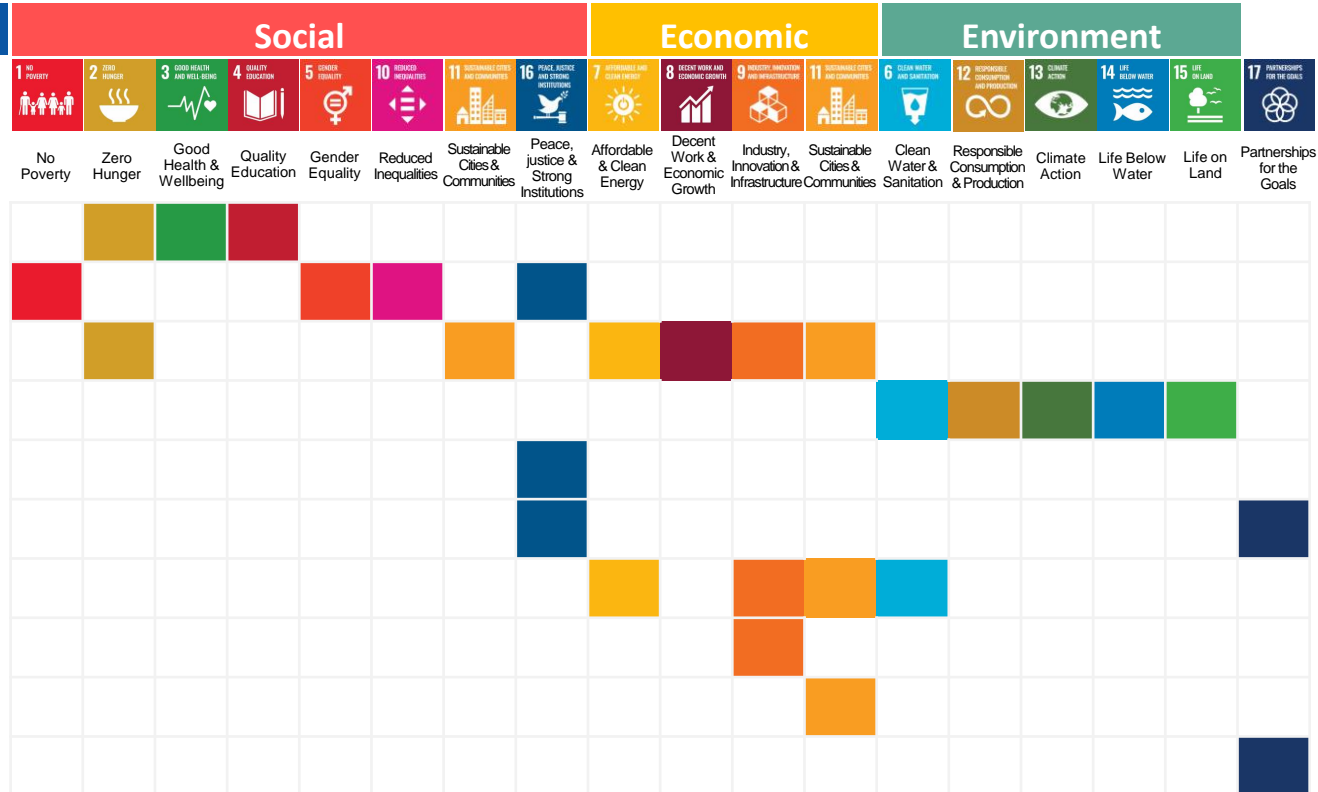
## The Kingdom of Thailand's contribution to the United Nations Sustainable Development Goals (UN SDGs)

### Thailand's Current Policy

- Sufficiency Economy Philosophy
- 20-Year National Strategy Framework
- 12th National Economic and Social Development Plan (2016 – 2020)

Sufficiency Economy Philosophy ("SEP")  
12 National Economic and Social Development Plan (2016-2020)  
20-Year National Strategy Framework

- 1 Enhance and develop potential of human capital
- 2 Create a just society and reduce inequality
- 3 Strengthen economy and sustainable competitiveness
- 4 Promote environmental-friendly growth for sustainable development
- 5 Reinforce national stability for prosperity and sustainability
- 6 Improve governmental administration, corruption protection, and good governance
- 7 Advance infrastructure and logistics
- 8 Develop science , technology, research and innovation
- 9 Develop regions, cities, and economic zones
- 10 Promote international cooperation for development



Source:

Ministry of Foreign Affair's Website

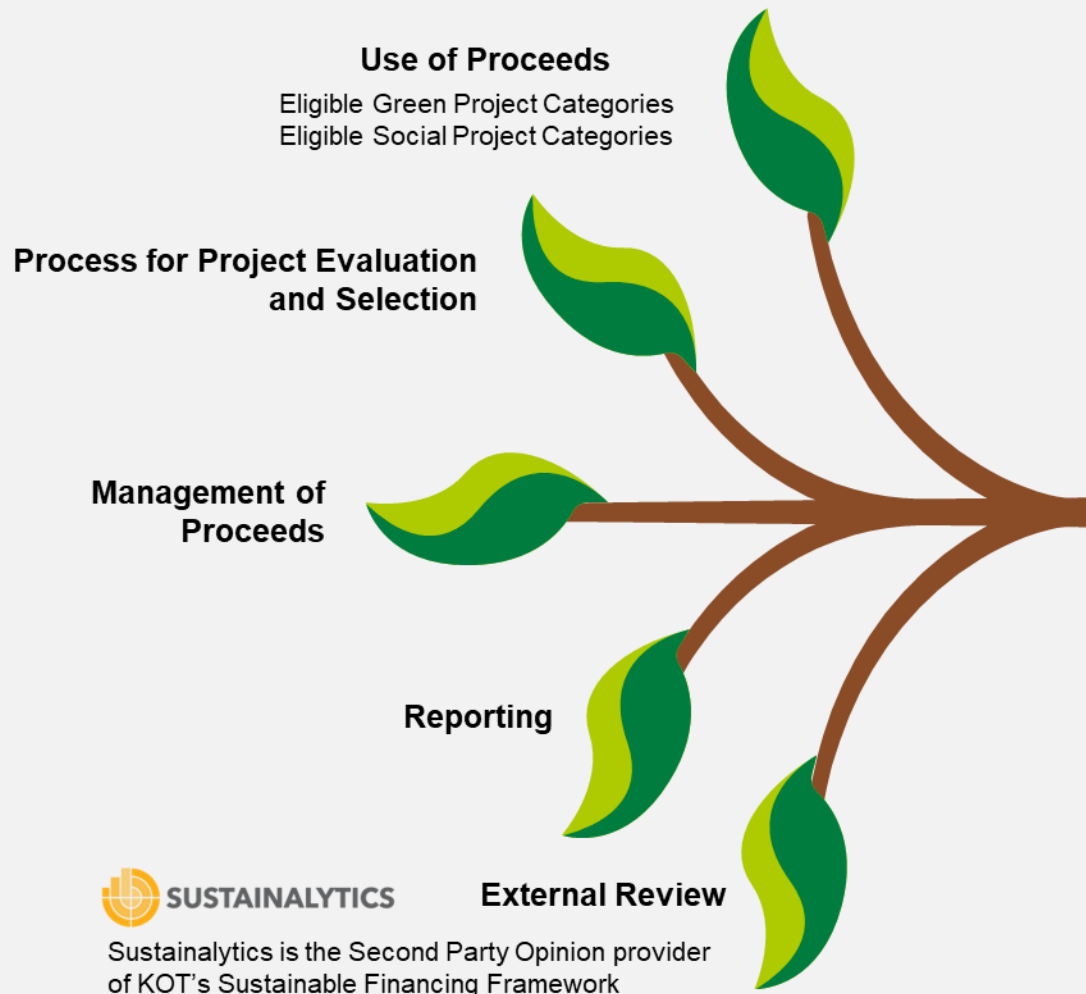
<http://www.mfa.go.th/sep4sdgs/en/articles/70263-SEP-Publications-and-eBooks.html>

UN Sustainable Development Goals (UN SDGs)'s Website, Thailand's Voluntary National Review on the Implementation of the 2030 Agenda for Sustainable Development, June 2017

<https://sustainabledevelopment.un.org/content/documents/16147Thailand.pdf>



# Sustainability bond framework



## The Kingdom of Thailand's Sustainable Financing Framework

### Reference Principles/ Standards



ASEAN GREEN BOND STANDARDS



ASEAN SOCIAL BOND STANDARDS



ASEAN SUSTAINABILITY BOND STANDARDS

Green Loan Principles





# Use of proceeds targeted towards both green and social projects

An amount equal to the net proceeds of Green, Social or Sustainability financing instruments, issued by the KOT under this Framework, will be exclusively used to finance and/or refinance, in whole or in part, expenditures directly related to eligible Green and/or Social projects in the Eligible Green and Social Categories.

The Eligible Green and Social Projects are limited to Government Budget in the **two budget years preceding** the issuance, **the budget year** of issuance, and **future budget years**.

## Green Project Categories



CLEAN  
TRANSPORTATION

RENEWABLE  
ENERGY

ENERGY EFFICIENCY

SUSTAINABLE WATER  
& WASTEWATER  
MANAGEMENT

LAND USE & MARINE  
RESOURCES

COMMERCIAL, PUBLIC  
and RESIDENTIAL  
BUILDINGS

## Social Project Categories



EMPLOYMENT  
GENERATION

EMPLOYMENT  
GENERATION  
(COVID-19 FINANCING)

HEALTHCARE

HEALTHCARE  
(COVID-19)

FOOD SECURITY

EDUCATION and  
VOCATIONAL  
TRAINING

AFFORDABLE  
HOUSING

## Contribution to UN SDGs



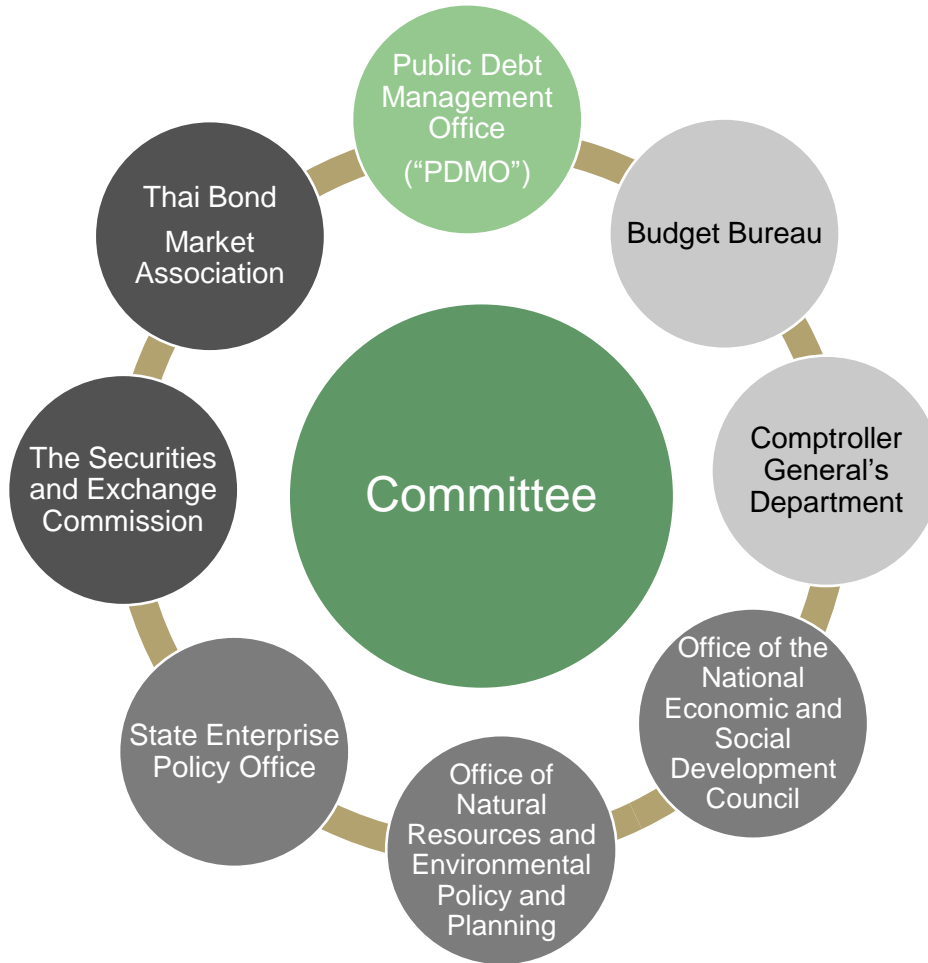
## Contribution to UN SDGs





# Engaging all relevant stakeholders critical for success

## All relevant parties working towards ESG



### Step 1: Review and Verify Projects

- Ensure compliance with the criteria and definition listed in Eligible Green and Social Projects



Additional ministries responsible for the projects being considered may form a part of the Committee on a case-by-case basis.



### Step 2: Approve



### Step 3: Track and Monitor

- The Committee will track and monitor the environmental and social benefits of the Eligible Green and Social Projects

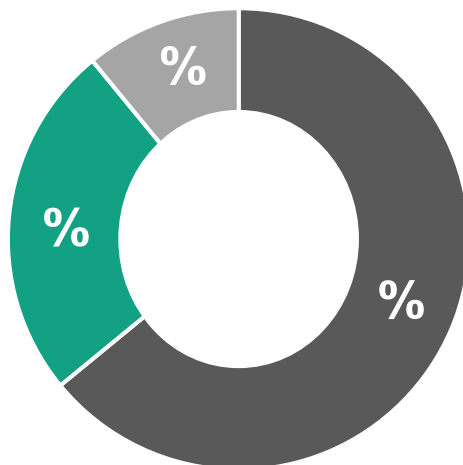


# First interim report has been released

1

## Allocation Reporting

(Frequency: annually, until full allocation)



The percentage of an amount equal to the net proceeds allocated to Eligible Green and/or Social Projects

The percentage of financing/refinancing of projects

A breakdown of allocated amounts to Eligible Green and Social Categories, and the relevant Ministry/Ministries responsible for the projects financed

2

## Impact Reporting

(Frequency: annually, until full allocation)

- Where feasible, the **estimated environmental and social impacts** arising from the implementation of the Eligible Green and Social Projects
- In case of **co-financing**, the **pro rata share of impact** or **the share of financing** from Green, Social or Sustainability financing instrument proceeds as a percentage of total project financing **if total project impact is being reported**



(<https://www.pdmo.go.th/en/Sustainability-Bond/Sustainability-Bond>)



# Government Funding Need in FY2021

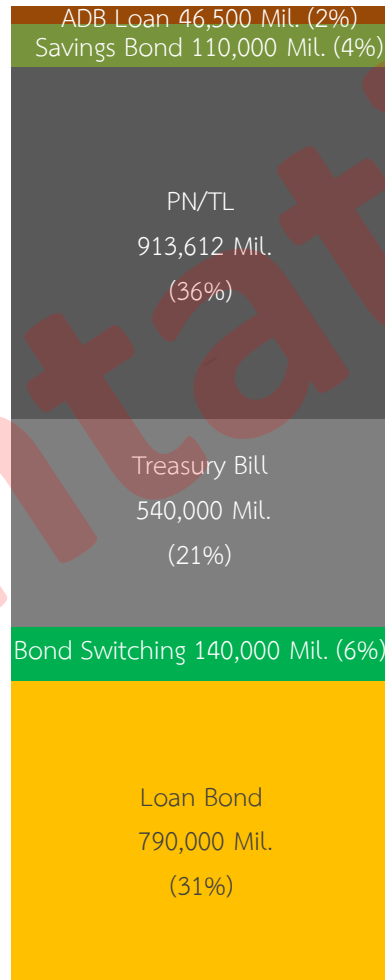
2,540,112 Mil

New Borrowing  
1,422,404 MB

Roll Over  
1,117,708 MB



Funding Need



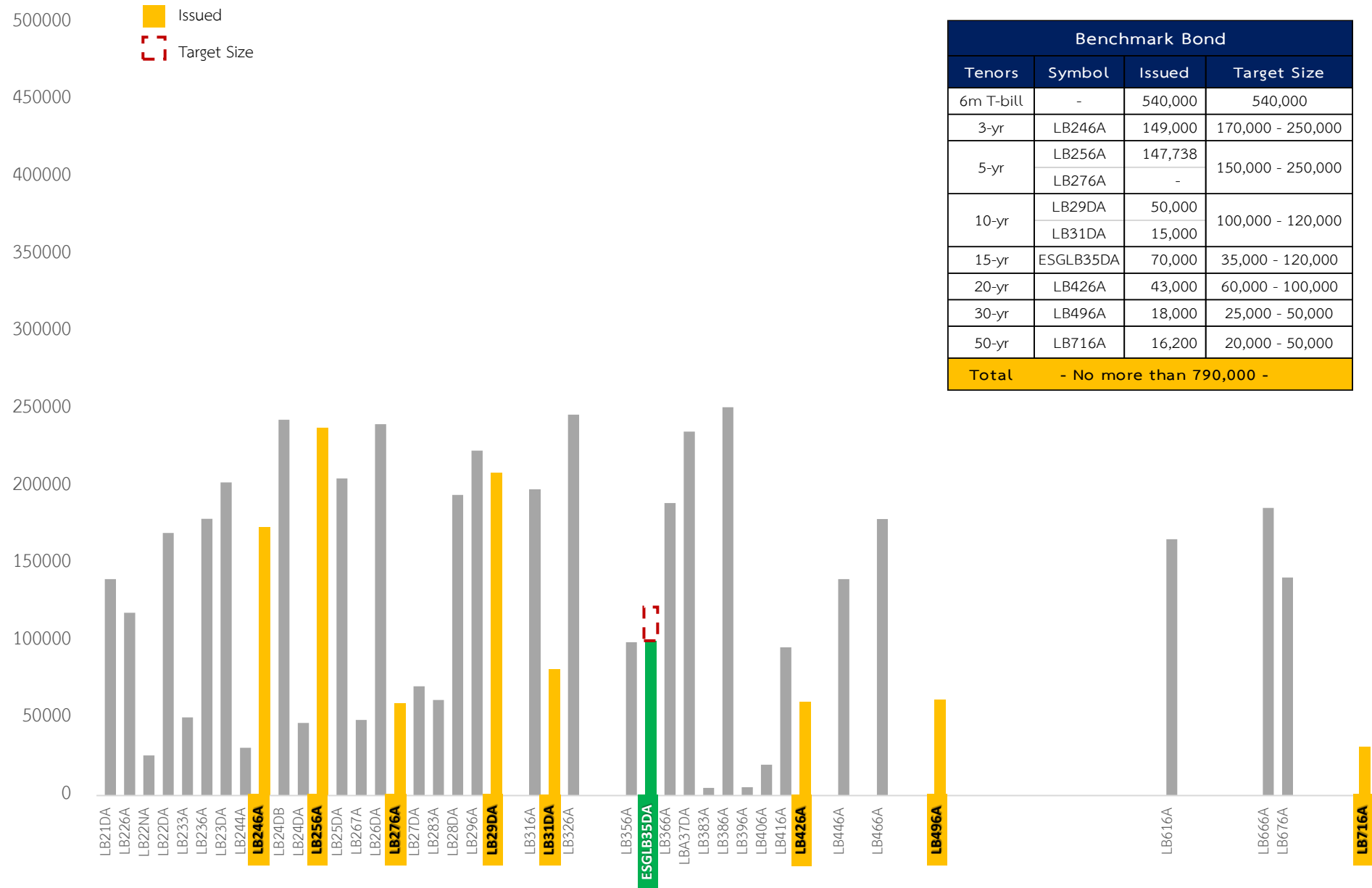
Instrument

Instrument	Description
1. Benchmark Bond (Main Instrument)	Build benchmark yield curve for SOEs and private sector and also create liquidity in secondary market
2. Bond Switching	To refinance and manage debt portfolio
3. Treasury Bill	Cooperation Between BOT and MOF to prevent Crowding out Effect
4. Promissory Note / Term Loan	For debt restructuring and short term financing
5. Savings Bond	Promote sustainable investment for Thai retail investors

Notes: Excluding Cash Management and Debt Repayment



# 15 year benchmark bond replaced with sustainability bond







# Proceeds currently allocated to mass transit and COVID-19 relief

Use of Proceeds	Project Details	Amount	Eligible Categories	Alignment with UN SDGs
<b>MRT Orange Line</b> 	<ul style="list-style-type: none"> <li>Refinancing the capital expenditures of the Mass Rail Transit (MRT) Orange line (East)</li> </ul>	THB 30,000 mil.	<u>Green</u>  <b>Clean Transportation</b>	 
<b>COVID – 19 Financing</b> 	<ul style="list-style-type: none"> <li>Financing and /or refinancing the expenditures for COVID-19 Rehabilitation Package</li> </ul>	THB 70,000 mil.	<u>Social</u>  <b>Healthcare</b> (Access to essential services)  <b>Employment Generation</b> (Employment generation including through the potential)	 

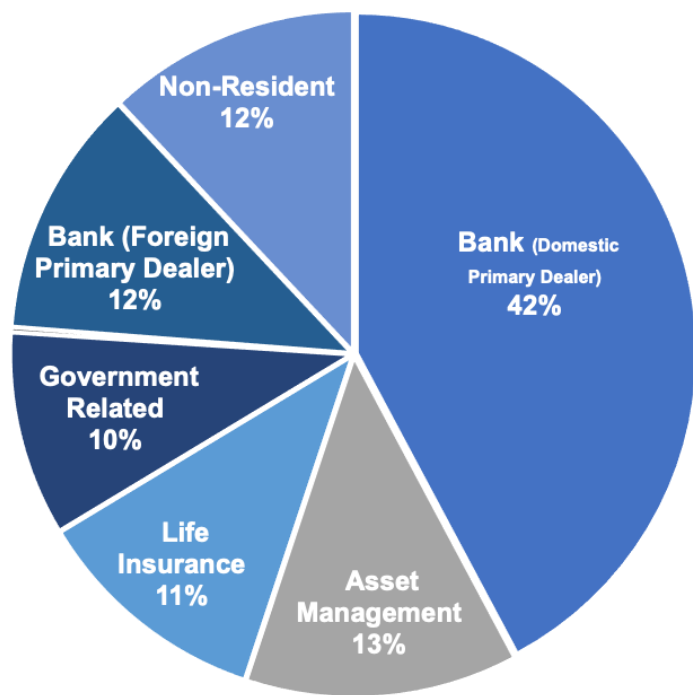
As of June 2021



## First issuance well received by diversified group of investors and competitive pricing

Bond Symbol	<b><u>ESGLB35DA</u></b>	
ISIN	<b>TH062303FC01</b>	
Tenor	15 Years 3 Months 28 Days from the 1 <sup>st</sup> Launch Date (19 August 2020)	
Use of Proceeds	<b>MRT Orange Line</b>	<b>COVID-19 Financing</b>
Target Issue Size	THB 10,000 million (~USD 0.32 billion)	THB 20,000 million (~USD 0.64 billion)
Maturity Date	17 December 2035	

### Investor Allocation



- Competitive pricing: 0.3 bps lower than a regular 15-yr bond on the market when first launched
- Solid investor demand of THB 60,911 mn or 3.05 times the target issue size
- Total THB 30,000 mn (USD 0.96 bn) was raised from the first syndication
- Well diversified investor base



# Certification and Awards

## CERTIFICATION AND LISTING

### Framework meets standards and verified



Standard



Verifier



### ESG Bond is CBI certified



### ESG Bond is listed



## AWARDS

### The Asset

Thailand's Best Issuer for Sustainable Finance 2020

Thailand's Best Sustainability Bond 2020

Regional's Best Sustainability Bond 2020

### International Financing Review Asia (IFR) ASIA

Regional Awards : Domestic Bond 2020

### Thai Bond Market Association (ThaiBMA)

Best Bond Awards 2020: Environmental, Social and Governance Bond (ESG Bond)

### Climate Bonds Initiative (CBI)

6<sup>th</sup> Climate Bonds Awards: Sovereign Green Market Pioneer (Thailand)





# Challenges and Next steps

## Challenges

- Funding needs significantly increased as a result of Covid-19, while ensuring minimum costs and risks in order to safeguard fiscal prudence.
- ESG financing requires strong commitment in both national and organizational level. In addition, cooperation among line ministries and implementing agencies is key to the success of ESG issuance.
- Continue monitoring and reporting process on projects financed by ESG bond is long-term effort and requires time and resources.
- Acquiring background knowledge of projects and practical framework that suits country-specific conditions are essential component in the project screening and selection.

## Next steps

- Expand ESG bond portfolio to cover more sectors in both green and social categories.
- Continue regular issuance and supply of ESG bond to create a reference to the market and encourage more private sector participation.
- Provide sufficient bond buildup to attract investor demand and liquidity.
- Increase cooperation at regional and international level to provide further support on ESG movement around the world.